



Kenya Shippers Council

The Voice of Cargo Owners

Kenya Shippers Council Quarterly Progress Report

Submitted to USAID-COMPETE Program

Reporting Period: 1st July-September 30th



Grant Activity Title: “Achieving Logistical Competitiveness of Eastern Africa Cargo Owners through the Enhanced Capacity of the Shippers Council”

Grant Agreement No. KSC-STA-010-013

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1. Executive Summary

The third quarter has witnessed a significant improvement in the outputs resulting from the project activities undertaken. Under the knowledge management pillar, two industry-related policy papers were developed and are due for publishing and circulation within the next quarter. They are the Kenya Shippers Council Policy Paper on Implementation of the Electronic Cargo Tracking System (ECTS) and the Policy Position on Implementation of the National Single Window System. It is hoped that upon dissemination, these policy papers will provide a greater understanding among the industry stakeholders on how they should go about implementing these two policies. Three consultants have already been identified to develop the directory of logistics service providers, the import and export handbook, and the shippers guide to indicative rates handbook. They are expected to begin working in this quarter and have these documents ready by the end of the fourth quarter.

Under membership development, the Council has been able to increase its membership from 28 at the beginning of the second quarter to 38 by the end of the third quarter. The Council is currently pursuing a strong membership recruitment strategy to meet its target of increasing the membership base to 100. In pursuing its core pillar in member services and advocacy, the Council has successfully held a meeting which brought together Ships Agents, Cargo Owners and Clearing and Forwarding Agents. The meeting discussed and deliberated on major issues affecting cargo owners in respect to their interaction with ships agents. Proposals for providing solutions to the identified solutions were made and an action plan was agreed thereof. Other milestones in the Council's advocacy role include the successful petitioning of Mediterranean Shipping Company (MSC) to withdraw the vessel delay charges they had imposed on cargo owners. The Council also successfully challenged an earlier notice given by shipping lines to penalize cargo owners an amount of USD 200 per 20ft container for non inclusion of HS codes in the bill of lading. During the reporting period, the Council was also involved in single window sensitization workshops in partnership with USAID-COMPETE for the Busia, Malaba and Namanga border posts. Several meetings between the council and the Minister of Transport have resulted in the cabinet approval of the approval of the Cabinet Memo on the National Single Window System. The Council membership services and advocacy unit has also made several follow-ups with the relevant regulatory agencies and service providers on pertinent issues raised by cargo owners on regular basis. See attachments of communication made in the annex section of this report.

Under institutional development and communication, the council has launched a new and interactive website at www.kenyashippers.org. A structured network for both internal and external communication has been established with relevant communication material such as brochures and banners already developed. A consultant has also been contracted to develop the relevant operational manuals such as the Human Resource, Finance and Procurement, Monitoring and Evaluation manuals.

One of the major challenges that faced the Council in implementing its programmes was the lack of timely release of funds. As we head into the fourth quarter, it is hoped that this challenge and other obstacles that prevailed in the third quarter shall be overcome to enable the secretariat deliver on the expected outputs.

2. Objectives of the Grant

The COMPETE grant to KSC is intended to enhance competitiveness of value chains, promote investments and trade between US and East and Central Africa and build the private sector capacity to be able to participate in policy reform processes.

As a result of COMPETE'S grant, KSC will:

- Assist KSC to transition from a Kenyan to Eastern Africa representative
- Increase membership numbers from current 37 to 100
- Hold 4 trainings workshops in at least two countries, training shippers on how to effectively and efficiently manage transport logistics
- Develop **“Shippers Guide To Import/Export In Eastern Africa”** (handbook)
- Develop a member complaints form
- Increase the number of membership services from two to five (bi-monthly newsletter, membership satisfaction index, training & awareness workshops, feedback tool, publishing reports on website
- Increase and improve website content
- Publish member satisfaction survey
- Develop the Harmonized Model Commercial Transport Contract (HMCTC)
- Launch the new revamped website
- Sensitize importers and exporters in the region on the need to have a single voice of private sector to advocate, negotiate, inform and provide information on regulatory, policy and international conventions as well as service providers.

3. Key Accomplishments during the Reporting Quarter

a) Knowledge Management

- Two industry-related policy papers are complete and ready to be published namely
 - i. ECTS Policy Paper (Please refer to the annex I)
 - ii. KSC Policy position on NSW
- Three consultants have already been identified to develop the directory of logistics service providers, the import and export handbook, and the shippers guide to indicative rates handbook. They are expected to begin working in this quarter and have these documents ready by the end of the fourth quarter (See annex II)

b) Member Services

- Publicity materials in the form of newsletters, the KSC brochure and the banner have been developed and are currently in the process of dissemination (See annex III)
- Corporate subscription to the Association for Women in the Maritime Sector in East and Southern Africa (WOMESA)
- Awareness workshops
 - i. Concept note and sponsorship proposal developed for workshop on International Best Practice. Letters to facilitators are going out
 - ii. Initial contact made with KACC to facilitate Integrity workshop ; preparations underway (Please refer to the annex IV for communication exchanges with KACC)

c) Advocacy

- Consultative breakfast meeting with the Association of Kenya Ships Agents was held on September 2, 2010 to discuss issues affecting cargo owners. See report in annex V)



- July, 2010- Successfully petitioned the Mediterranean Shipping Company (MSC) to suspend the Vessel Delay Surcharge of USD 100 per day levied on cargo owners. (Refer to annex VI MSC notice, KSC response notice and MSC withdrawal notice)
- KSC successfully challenged notice given by shipping lines to penalize cargo owners for non-inclusion of HS Codes in the Bill of Lading. KPA later ran a newspaper advert denouncing the notice. Maersk Shipping Line has since withdrawn requirement. Refer to annex VII for this communication
- KSC participated in the National Single Window Sensitization workshops held at the Busia, Malaba and Namanga border posts. See copy of detailed report attached in annex VIII



A Section of participants at the NWS sensitization workshop at Namanga border post

- KSC also held a meeting with Transport Minister (**brief attached**) which later resulted in the approval of the cabinet memo for implementation of the National Single Window System. **See newspaper article in annex IX**

d) Membership Development

- Membership has increased from 28 at the beginning of the second quarter to 38 by the end of the third quarter.
- The following companies have been contacted for membership prospects: Kenya Coffee Traders Association, Fresh Produce Exporters Association, GlaxoSmithKline, BAT, Sadolin Paints, Basco Paints, Kensmetal, Choice Int'l Forwarding Co. Ltd, DB Schenker, Manji Ltd, Athi River Mining, Cadbury (K) Ltd, PATCO, Ufanisi Freighters Ltd, Syngenta E.A. Apex Steel Ltd, Express Cargo Serv. Brookside dairy Ltd, Global Nvocc, Sher Karuturi, CMA CGM Kenya Ltd, Interfreight E.A Ltd.
- The following companies which were initially contacted for membership prospects have sent regrets: : PIL (K) Ltd., Gokal Beverages, Genuine Freight Ltd, Demolines Freight Limited, Umoja Rubber Ltd. See regret emails attached in the annex.
- The following companies are the newest members of the Shippers Council: DHL Global Forwarders, Naushad Trading, Power Technics, Haco Industries, Wiggles Worth Ltd., Speedex Logistics, Sameer E.A Ltd, Kenya Groupage Cargo handling Association (which brings on board 38 members)

e) Institutional Development



The KSC Secretariat enjoys the new look website

- The Council has successfully launched a new and interactive website at www.kenyashippers.org.
- A structured network for both internal and external communication has been established with relevant communication material such as brochures and banners already developed. See attachments in the annex.

- A consultant has been contracted to develop the relevant operational manuals such as the Human Resource, Finance and Procurement, Monitoring and Evaluation manuals.

4. Planned Activities for the Fourth Quarter

- Identify policies, regulations and legislations that have an effect on transit cargo movement in the region
- Execute contracts and work closely with the contracted consultants to develop the directory of logistics service providers, the import and export handbook, and the shippers guide to indicative rates handbook.
- Recruit a suitable consultant to develop a regional logistics performance index (LPI). (To be directly funded by COMPETE)
- Hold an international best practices workshop for industry stakeholders
- Hold an anti-corruption and integrity issues in trade facilitation workshop for cargo owners, service providers and regulatory agencies.
- Hold meeting with Kenya Revenue Authority, Vendors of ECTS gadgets, transporters and cargo owners to address challenges arising out of ECTS implementation was planned but aborted at the last minute
- Hold one competitive forum in the month of November with the participation of key industry players with the aim of improving the competitive environment in the logistics and trade industry
- Hold a members open day to sensitize KSC members on the various developments in the logistics industry

5. Key challenges Encountered and Proposals for Future Programme Implementation

- The Council found itself in a situation whereby the developed programme implementation plans for the second quarter were based on a budget that was re-casted without authority. Reverting to the original budget has destabilized programme implementation. It is hoped that in future all information relating to re-casting of budgets will be relayed on a timely basis to assist in planning
- By reverting to the original budget, all proposals received for consultancy services have a quotation beyond the available financial resources. KSC requests that COMPETE consider to directly fund such programmes
- Since June 2010, the Council has not received any grant advance funds and the Council is therefore unable to make financial commitments based on unavailable financial resources.
- Overreliance on external facilitators especially in regard to guest speakers at workshops and funding for workshops has caused numerous delays and subsequent postponements of some of our activities
- Lack of sufficient evidence to support the various irregular charges that have been levied on cargo owners has affected the effectiveness with which the Council has responded to such situations
- Delays in approving the cabinet memo on the National single Window has meant that the related activities have to be postponed
- The available budget for ICT is not sufficient to replace the current UPS which has a lower voltage capacity and the need for reliable software that can support MS exchange 2010